

**Minutes of the Special Meeting of the Board of Finance
Town Hall-Lower Level Conference Room-May 28, 2019**

Members Present: Eric Harrington, Ryan Anderson, Dr. Ann Huntington, Chris Childs, Brian Kost, Tracy Eccles. **Members Absent:** None. **Alternates Present:** Jerry Mahoney, John Sullivan, J. Michael Stevens **Alternates Absent:** None.

Also Present: First Selectman Melissa Mack, Director of Finance Deborah Cerrato, Attorney for the Town of Suffield Derek Donnelly, Kevin Casey, Highway Foreman Mark Cervione, Building Official Ted Flanders, Town Planner Bill Hawkins, Larry Laureno, Andrew Laureno, owners of Ffyer Place land.

Chairman Anderson called the meeting to order at 7:00 pm.

Citizen Comment/Correspondence: None

Contingency Balance and Uses:

A total of \$115k was identified as potentially needed from Contingency, to be decided at the June 10, 2019 regular meeting:

- An additional \$16k over the budgeted \$50k for retroactive pay adjustments per union contract agreements.
- An additional \$75k for Highway Contracted Services which has been over while there have been vacancies in Public Works Department personnel.
- An additional \$24k for Fire Payroll for unused vacation, personal time and some overage on their total budget of ~\$1M budget.

First Selectman Mack noted that while the Memorial Day celebration was beautiful, she received negative feedback about the PA (Public Address) system. Sound specialists reported there is no available system to service a 200-300 person event. ***They recommended hiring sound services when needed which should be included in the Operating Budget going forward.***

Mr. Kost made a motion to transfer \$100k from Contingency to School Capital Projects for the items presented in Mr. Hoff's list as the Board of Education (BOE) chooses to prioritize. Dr. Huntington seconded. All were in favor and the motion passed unanimously. ***The Board requests that the BOE documents which items they select to do.***

Ffyer Place and Town Garage:

First Selectman Mack reminded The Board that this is an Economic Development project not just a highway garage moving project. It is an attempt to expand our commercial tax base and take some pressure off the residential tax base from both town and non-town Ffyer place property.

Mr. Casey is a developer interested in building a 45 unit condo complex on the Ffyer Place land. He would purchase the 1160 South Street building himself, incurring any capital risk. He would have to update it as specified to be the new Town Garage. The Town would then do a 1031 Land Exchange of the Town Garage property on Ffyer Place. His company would incur all expenses

to tear it down, remediate any environmental issues and build the condominium complex on that land.

First Selectman Mack reviewed a presentation showing the project financials under three scenarios with a high, medium and low sale price for the condos and alternatives that were evaluated

The Town has already had Fuss & O'Neill prepare a phase I, II, III and environmental remediation estimates for the move from Ffyer Place to 1160 South Street that were confirmed again in January 2019. Their remediation estimate for Ffyer Place is \$727k. The terms of the purchase include a Credit Enhancement Agreement (CEA). This would be a contract under the Town Center Village District (TCVD) Tax Increment Financing (TIF), to pay the developer with the incremental tax revenues over an 8-15 year period. First Selectman Mack has not engaged any legal services yet to start negotiations but expects an upper limit for the remediation expenses not to exceed \$900k. Another requirement of the CEA would be to pursue Grant Funding to pay the Developer, allowing the incremental tax revenues to be used for other improvements in the TIF district or to pay debt services. The grant is already written but it must go to the Developer, not to a municipality.

Protections like a performance bond, personal guarantee, hold items in escrow etc. will be negotiated to ensure condominiums are built in the amount and style expected. Attorney Donnelly added both sides will have all manner of contingencies to reduce risk based on the due diligence done in each of the phase of the project.

Per Attorney Donnelly, a punch list of improvement specifications for 1160 South Street will be part of the contract. If the walk through finds items are not as specified the deal will be void. Mr. Casey explained they got an order of magnitude estimate from an established general contractor which will be refined with architectural drawings. The salt shed is an exact price for a third party purchase. Spazzarini Construction that did the work to bring the sewers to 1160 provided a bid on the site work. Mr. Flanders was also able to endorse the numbers based on his experience.

First Selectman Mack reviewed the Financial Considerations of the purchase price, short term savings/cost avoidance and potential long term tax impact including remediation funding from the TIF. Spreadsheets were provided detailing the benefit/cost of this deal for the town under the 3 scenarios of condo sales price. It was debated if the \$727k environmental remediation cost should be in or out as a non-cash liability.

Mr. Harrington is concerned that all of the Ffyer property would become residential and not relieve the broader tax burden to residents of the town. Mr Hawkins said the zone allows residential use only as an accessory use. Ffyer Place is not a town road so subdivisions are not allowed. The current regulations would not support it. An example of accessory use versus primary use is a storefront with an apartment on top, primary use would be commercial.

Ms. Eccles asked if there is any environmental waste or contaminants on the Lauren property that could become an issue for the town. Mr. Lauren said none that he is aware of and they got a clean bill of health for the CVS Building in stage 1 of development.

Mr. Childs asked how the CEA remediation works as a tax abatement if the condos are sold. It was discussed that full tax amounts are collected and accrued within the TIF and then subsequently paid to offset remediation costs.

Dr. Huntington asked if 1160 South Street was adequate to meet the needs of public works and Mr. Cervione provided details of why it as well as Wickes options would both provide for the needs of the department.

The timeline was discussed. Once the Town signs a contract to purchase 1160 South Street provided all modifications are done as specified and inspected, Mr. Casey would begin their own testing on Ffyller place and notify the State of their plans. After 1160 South St. is purchased then the Town Garage would be taken down and if the environmental remediation can fit into the TIF, Mr. Casey would proceed with building the condos.

While the Board did not want to move the motion proposed for going to bond without Ffyller contingencies referenced, First Selectman Mack noted a desire to have a public hearing before people leave for the summer and they are in conceptual design of Town Hall which could change if we are moving people to 1160 South Street. In order to accommodate Selectman Mack, the Board held a straw poll based on what had been presented to determine if the deal should go forward to Town Meeting. The members were in favor 5 to 1, with the exception of Mr. Harrington. All alternates were in favor. Further discussion and a formal vote on a comprehensive package will be held in the next BOF regular meeting.

Dr. Huntington made a motion to adjourn. Mr. Kost seconded, all agreed and the meeting was adjourned at 9:05 pm.

Respectfully submitted,
Kris Kelliher

These minutes are not official until accepted at a subsequent meeting.